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Mutual OF OMAHA



MUTUAL BENEFIT HEALTH & ACCIDENT ASSOCIATION

The Largest Exclusive Health and Accident Company in the World

January 12, 1961

Joseph E. Jones

The Operation of the Calendar
Year Deductible on the
Government Programs

Attn. Harold Staub

This will confirm both the examples of the application of the deductible given in Mr. Premo's January 6 letter and that given in your January 10 letter. To assume a \$50 deductible - if a person satisfied their deductible with expenses incurred up through the month of September, they would have to re-establish a deductible with expenses beginning in January of the following year.

If only a portion of the deductible had been satisfied through September and expenses in October or November were used in addition to complete the deductible amount, the portion of the deductible accumulated in October, November, or December could be applied to the deductible of the following year. For example, if \$30 had been incurred up through September and \$30 in the month of November, \$20 of the November expense would have to be used to complete the \$50 deductible. This \$20 could be applied toward the deductible of the new year leaving only \$30 to be taken from January expenses.

If no expenses were incurred until the months of October, November, or December and the \$50 deductible was taken from expenses incurred in those months, the entire deductible for the following year would be satisfied.

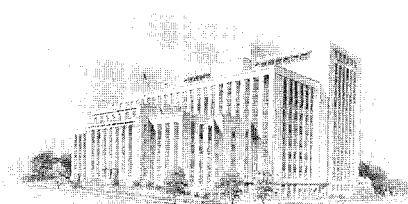
If only \$20 of expense was incurred in October, November, or December, it could be applied to the January deductible but \$30 would still remain to be deducted.

J. Pence
J. Pence
Claim Audit
Group Div.

JP:LB

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RC 5-16/USD



HOME OFFICE—OMAHA, NEBRASKA

January 6, 1961

TO: Mr. George Edson
Group Division

FROM: Joseph E. Jones, Agency
T. W. Premo

RE: Government Plans:
1. Last three months deductible
2. Prime Carrier payment on double coverage
3. Question 7 on the Claim Form

George - I enjoyed our conversation very much yesterday and would like to confirm it in writing from my end and be sure that we are in agreement on the points discussed.

DEDUCTIBLE - OCTOBER, NOVEMBER AND DECEMBER -

Frank, Theresa and myself have been discussing this for the past several months and in accordance with our telephone conversation yesterday, we are in complete agreement with you relative to the handling of this deductible. Any part of a claim that is used to satisfy the deductible for expenses incurred during the months of October, November and December can be carried over and used to satisfy the deductible for the next year. For example - if a person would have satisfied their deductible with claims incurred up through the month of September, they would necessarily have to re-establish their deductible with claims that would start in January of the next year. However, if parts of the deductible would be established - say \$30.00 - as of the end of September and there would be additional expenses incurred totalling \$30.00 during the month of November, \$20.00 of the November claim would necessarily have to be used to satisfy the (\$50.00) deductible and that \$20.00 would be usable to satisfy part of the deductible for the next year. If there had been no claim as of the end of September and during the months of October, November and December the entire deductible would be satisfied - then the deductible would be satisfied for the next year. These are examples of our interpretation of the policy relative to the use of the deductible established during October, November and December for the next year. If our understanding is the same as yours, there is no need to confirm.